

Real Estate Fraud  
San Luis Obispo County District Attorney's Office  
Government Code Section 27388(d)  
Narrative Annual Report for  
Fiscal Year 2015-16

## ***INTRODUCTION***

On August 19, 2008, pursuant to Senate Bill 537 (California Government Code Section 27388), the San Luis Obispo County Board of Supervisors approved a surcharge for the recording of certain real estate documents in order to fund the County's Real Estate Fraud Prosecution Trust Fund. This Trust Fund is the revenue source for the District Attorney's Real Estate Fraud Unit. The Unit investigates and prosecutes real estate fraud cases to deter and punish those who would commit real estate-related fraud and to obtain restitution for victims. The Unit also educates the public and real estate professionals about real estate fraud and how it can be identified and prevented.

Major real estate fraud criminal investigations within our county, after having been referred by the State Department of Real Estate, are handled by the District Attorney's Office. The San Luis Obispo County Real Estate Fraud Unit consists of a portion of a Deputy District Attorney and District Attorney Investigator. The Unit works collaboratively with District Attorney's Victim/Witness staff members and Consumer Fraud Unit staff who deal with large numbers of victims in many of these types of cases. The Victim/Witness Division also utilized the department's website to provide victims with up-to-date case information in select significant major fraud cases. The Unit's investigator and prosecutor work cases together vertically, from the initial complaint through the trial and sentencing.

The County Clerk Recorder has been allocated 10% of all fees collected for the County's Real Estate Fraud Unit in order to cover the costs of its administrative workload resulting from the collection of this fee.

The resources provided through the program have allowed the District Attorney's Office to investigate and prosecute real estate-related crimes which otherwise may not have been prosecuted.

This report for fiscal year 2015-16 is provided pursuant to California Government Code Section 27388, subsection (d).

**San Luis Obispo County District Attorney's Office  
Real Estate Fraud Prosecution Program Annual Report**

Statistical Summary for July 1, 2015 through June 30, 2016:

1.	Real estate fraud complaints received	10
2.	Investigations pending	7
3.	Number of victims at investigation stage	9
4.	Aggregate victim losses at investigation stage	\$940,500
5.	Number of cases at prosecution stage	1
6.	Number of victims at prosecution stage	78
7.	Aggregate losses at prosecution stage	\$3,134,000
8.	Number of convictions	0

**ACCOUNTING**

Figure 1  
**Real Estate Fraud Prosecution Program Trust Fund  
Revenues and Expenditures**

(FY 2015-16)

	Trust Fund Carry-In Balance	Trust Fund Revenues	Trust Fund Expenditures
San Luis Obispo County	\$0	\$282,391.20	\$282,391.20

A. Revenues: \$282,391.20

(These represent funds received through the Clerk Recorder's Office for recorded real estate documents which are deposited into the District Attorney's Real Estate Fraud Trust Fund.)

B. Expenditures: All trust fund revenue, \$282,391.20, was applied toward salaries and benefits expense for prosecution and investigative resources dedicated to the Real Estate Fraud Program. Total expenses attributable to the District Attorney's Real Estate Fraud Prosecution Program in FY 2015-16 totaled \$389,368.29, inclusive of salary and benefits (\$387,870.40) and other office related expenses (\$1,497.89).

Figure 2 Real Estate Fraud Prosecution Program Expenditure Details (FY 2015-16)			
	Salaries and Benefits	Operation and Support Costs	Total Expenditures
San Luis Obispo County	\$387,870.40	\$1,497.89	\$389,368.29

## **OUTREACH**

Over the past 2015-16 fiscal year, the District Attorney's Office continued to utilize several processes to assist the many individuals victimized by fraud schemes involving real estate. For example, numerous pre- and post-court hours are spent by the attorney, investigators and Victim/Witness staff meeting and corresponding with victims to keep them apprised of upcoming events and address their ongoing concerns regarding pending and post-litigation matters, including preparation for court proceedings and obtaining restitution.

The District Attorney's website provides links to valuable consumer resources related to real estate fraud, including a Real Estate Fraud Complaint form which allows consumers to lodge a complaint with the District Attorney's Office electronically. Also, for each of the existing cases of Estate Financial, Inc., Real Property Lenders, 21<sup>st</sup> Century Financial, Heritage Lending and Al Moriarty Enterprises, a separate webpage for each has been created and is maintained on the District Attorney's website to provide up-to-date case status, resource information, and links. Additionally, a designated "hotline" telephone number and email account linked from the webpage have been implemented and continue to be maintained whereby victims can call in or email with additional questions or to obtain further information.

Over the course of each criminal proceeding, these webpages include information on criminal charges, court rulings and case status, the custody status of defendants, bankruptcy court proceedings, restitution, and the status of sentencing. In addition, Victim/Witness advocates attend all court hearings to connect with victims and inform them of their rights pursuant to Marsy's Law and other victims' rights. For the sentencing hearing, advocates also coordinate the victim impact statements by which victims may address the judge.

Throughout these proceedings, extensive asset seizure work takes place to secure and maintain the defendants' assets for use toward future victim restitution. Following conviction, substantial work with the victims and the Probation Department goes into pursuing restitution for victims, as well. This past 2015-16 fiscal year, even though convictions have been secured, a significant amount of time has been dedicated to pursuing restitution for the victims in these cases.

The District Attorney's Office's Real Estate Fraud attorney, investigator, and Victim/Witness advocates have also participated with community outreach programs and forums sponsored by RESAFE (Real Estate Scam and Fraud Exposure) and by the SLO Association of Realtors. Presently, the District Attorney Investigator assigned to the real estate fraud unit sits on the Board of Directors for RESAFE.

## ***CONCLUSION***

The District Attorney's Real Estate Fraud Unit continues to maintain a demanding caseload. During this past fiscal year, seven significant real estate fraud cases have been investigated, in preparation for possible filing. This is in addition to those previously filed real estate fraud cases, where work continues, from trial preparation to the pursuit and enforcement of restitution for victims. Due to their complexity, these types of investigations take hundreds of hours to complete and many more to establish liability and restitution once filed.